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INSURANCE ASSOCIATION OF CONNECTICUT

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Statement

Insurance Association of Connecticut

Insurance and Real Estate Committee

SB 752, AN ACT REQUIRING LIFE INSURANCE COMPANIES TO PROVIDE CERTAIN
INFORMATION WITH LIFE INSURANCE POLICY PROCEEDS PAYMENTS

February 19, 2015

I am Eric George, President of the Insurance Association of Connecticut (IAC). The IAC opposes SB 752, An Act Requiring Life Insurance Companies to Provide Certain Information with Life Insurance Policy Proceeds Payments.

It is unclear as to what issues with the existing life insurance system SB 752 seeks to address.

Currently, life insurance companies will provide and release the relevant information related to the IRS Form 712 when they are so requested by the beneficiary. On its face, SB 752 appears to envision that this information would be issued for all life insurance claims, even if not so requested and unnecessary. Under this scenario, the increased administrative burdens and associated costs will unfortunately have the effect of increasing life insurance premiums.

The IRS requires the filing of an IRS Form 712 in those instances where an estate tax return, or a gift tax return, is required to be filed by a taxpayer. The vast majority of beneficiaries (up to 85% of them according to certain estimates) would not be required to file an IRS Form 712, and therefore would not need the information mandated for release under SB 752.

So, on its face, SB 752 would have the net effect of increasing premiums for all beneficiaries while being of use to only a few. And those few would be able to obtain access to such information simply by requesting it from their life insurance carrier.

Please note that the IAC would not object to SB 752 if it were limited to only those instances where a beneficiary requests such information. However, in its current form, the IAC opposes SB 752. Thank you for the opportunity to present the IAC's comments on this legislation.